



Patrick H. Merrick, Esq.  
Director – Regulatory Affairs  
AT&T Federal Government Affairs

Suite 1000  
1120 20th Street NW  
Washington DC 20036  
202 457 3815  
FAX 202 457 3110

April 25, 2003

**Via Electronic Filing**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Re: Notice of Ex Parte Presentation: Federal-State Joint Board on Universal Service,  
CC Docket No. 96-45.

Dear Ms. Dortch;

On Thursday, April 24, 2003, Douglas Schoenberger, Amy Alvarez and I met with Eric Einhorn, Sharon Webber, Vickie Byrd, Sonja Rifken and Katie King. AT&T reiterated its position that the FCC should deny the Palau National Communications Corporation's (PNCC) request for declaratory ruling that would subject PNCC to FCC jurisdiction and make PNCC eligible to participate in Universal Service programs and the National Exchange Carrier Association (NECA). The attached document is an outline of our discussion.

The positions expressed by AT&T were consistent with those expressed in AT&T's filed comments.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

A handwritten signature in black ink that reads "Patrick H. Merrick".

Attachment

CC: Eric Einhorn  
Sharon Webber  
Vickie Byrd  
Sonja Rifken  
Katie King

## **PNCC Is Not Eligible To Be A Part Of The USF System Under The Act**

Section 254 limits universal service funding to services within the “Nation” – i.e., the United States.

Palau is not part of “the Nation” – it is not part of the United States, either as a State, tribal reservation, U.S. territory or a U.S. possession. Palau is an independent country.

There is no rational reading of the Act that would permit the FCC to allow universal service funding for an independent, sovereign nation.

## **PNCC’s Petition Is Contrary To The Compact It Relies Upon So Heavily**

The compact makes clear that the FCC has no jurisdiction over PNCC’s domestic services because they are not furnished by means of satellite earth stations.

PNCC admits that Section 131(a)(2) of the Compact limits the extent of the Commission Jurisdiction to “all domestic and international services furnished by means of satellite earth terminal stations where such stations are owned or operated by United States common carriers who are located in Palau.” - PNCC is not a US Common Carrier, despite their petition to be certified as such.

PNCC only provides international services by means of satellite earth stations.

Simply connecting to domestic services is not enough .

The Compact’s language is plain and clear and cannot be twisted to say the opposite.

## **PNCC Has Not Demonstrated That Universal Service Expansion Is Necessary.**

PNCC provides no data to show any adverse impact of FCC’s Benchmark and other Pro-competitive policies.

PNCC claims “financial crisis” but provides no data to substantiate such claims.

## **Granting Universal Service Funding To PNCC Would Either Increase The USF Or Reduce Funding Available To The Citizens Of The United States**

The appropriate remedy for Palau is to seek special aid legislation from Congress.